

[8 August, 2001]

RAJYA SABHA

Direct sale of power by power developers

**1904. SHRI RUMANDLA RAMACHANDRAIAH:
DR. ALLADI P. RAJKUMAR:**

Will the Minister of POWER be pleased to state:

(a) whether the Union Government which has been doling out guarantees in some form or the other in the power sector has decided to move away from the beaten track and has recommended to State Governments to instead offer direct sale facility to power developers;

(b) if so, the reasons therefor;

(c) to what extent this new order has asked to private companies to enter into power sector and ensure steady revenue inflow; and

(d) if so, to what extent this new provision will help the power purchasers?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (d) The Government of India (GoI)'s counter guarantee scheme was developed as a transitory measure to instill confidence in private power developers and to encourage private investment and it was decided in 1994 to extend GoI counter guarantee to eight initial projects that had been cleared for bringing in foreign investment in the power sector and identified as developing rapidly. Government does not propose to extend counter guarantee to any other project. Under the captive power policy, circulated by the Ministry of Power on 11.7.2001, prepared after consultation with the Central Electricity Authority, State Governments and Union Territories, third party sale of electricity is permissible with the approval of State Electricity Board.

Under the provisions of the Electricity (Supply) Act, 1948 direct sale of power to consumers can be done only when the consent of the State Government concerned.